

By: Seliger

S.B. No. 778

A BILL TO BE ENTITLED

AN ACT

relating to performance-based tuition limitations for certain public institutions of higher education.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 54, Education Code, is amended by adding Sections 54.05131 and 54.05132 to read as follows:

Sec. 54.05131. PERFORMANCE-BASED DESIGNATED TUITION LIMITATIONS. (a) In this section:

(1) "Administrative costs" means the percentage of an institution's operating budget expended on institutional expenses, as designated in an institution's annual financial reports in the subcategories of executive management, fiscal operations, general administrative and logistical services, administrative computing support, and public relations/development.

(2) "Coordinating board" means the Texas Higher Education Coordinating Board.

(3) "General academic teaching institution" and "public state college" have the meanings assigned by Section [61.003](#).

(4) "Performance measure" includes only a performance measure defined by coordinating board rule under Subsection (b).

(b) The coordinating board, using the negotiated rulemaking procedures under Chapter 2008, Government Code, shall define the

1 following performance measures to be used for purposes of this  
2 section:

3 (1) the total number of undergraduate degrees awarded  
4 by the institution;

5 (2) the total number of undergraduate degrees awarded  
6 by the institution, adjusted by the institution's six-year  
7 graduation rate under Subdivision (10);

8 (3) the total number of undergraduate degrees awarded  
9 by the institution per 100 undergraduate full-time student  
10 equivalents;

11 (4) the total number of undergraduate degrees awarded  
12 by the institution to at-risk students;

13 (5) the total number of undergraduate students at the  
14 institution having successfully completed at least 25 percent of  
15 the student's degree requirements or having earned at least 30  
16 credit hours toward a 120-credit-hour degree;

17 (6) the total number of undergraduate students at the  
18 institution having successfully completed at least 50 percent of  
19 the student's degree requirements or having earned at least 60  
20 credit hours toward a 120-credit-hour degree;

21 (7) the total number of undergraduate students having  
22 successfully completed at least 75 percent of the student's degree  
23 requirements or having earned at least 90 credit hours toward a  
24 120-credit-hour degree;

25 (8) the average length of enrollment, by number of  
26 semesters, required for undergraduate degree completion;

27 (9) the four-year graduation rate of first-time,

1 full-time, bachelor's degree-seeking students who enrolled in at  
2 least 12 semester credit hours in the student's first fall semester  
3 at the institution and who graduated from the institution or from  
4 any other institution of higher education or private or independent  
5 institution of higher education;

6 (10) the six-year graduation rate of first-time,  
7 full-time, bachelor's degree-seeking students who enrolled in at  
8 least 12 semester credit hours in the student's first fall semester  
9 at the institution and who graduated from the institution or from  
10 any other institution of higher education or private or independent  
11 institution of higher education; and

12 (11) the institution's administrative costs.

13 (c) This section applies only to a general academic teaching  
14 institution other than a public state college.

15 (d) The coordinating board in consultation with the  
16 Legislative Budget Board shall determine whether an institution has  
17 achieved the applicable target levels for purposes of Subsections  
18 (f) and (g). Using the negotiated rulemaking procedures under  
19 Chapter 2008, Government Code, the coordinating board by rule shall  
20 establish the process by which an institution's achievement on a  
21 performance measure is submitted to and verified by the  
22 coordinating board.

23 (e) The coordinating board shall notify the governing board  
24 of an institution as soon as practicable after the coordinating  
25 board determines that Subsection (f) or (g) applies to the tuition  
26 charged by the institution for an academic year and of the  
27 limitation prescribed by the applicable subsection on the amount of

1 tuition that may be charged by the institution for that academic  
2 year.

3 (f) This subsection applies to tuition charged for an  
4 academic year by an institution to which this section applies only  
5 if the institution did not achieve, in the most recent state fiscal  
6 year preceding that academic year for which information is  
7 available, a majority of the target levels assigned to the  
8 performance measures included in the General Appropriations Act as  
9 applicable to the institution for that state fiscal year. For an  
10 academic year in which this subsection applies to the tuition  
11 charged by an institution, unless the institution has been granted  
12 an exception under Subsection (j) for that year, the amount of  
13 tuition the governing board of the institution charges under  
14 Section 54.0513 to a student for that academic year may not exceed  
15 the total amount of tuition that the governing board would have  
16 charged under that section to a similarly situated student in the  
17 preceding academic year, as that amount is adjusted for each  
18 academic year for inflation as determined under Subsection (i).  
19 The governing board may not increase the amount of tuition charged  
20 under this subsection to a student more than once in any academic  
21 year.

22 (g) This subsection applies to tuition charged for an  
23 academic year by an institution to which this section applies only  
24 if the institution achieved, in the most recent state fiscal year  
25 preceding that academic year for which information is available, a  
26 majority of the target levels assigned to the performance measures  
27 included in the General Appropriations Act as applicable to the

1 institution for that state fiscal year. For an academic year in  
2 which this subsection applies to the tuition charged by an  
3 institution, the amount of tuition the governing board of the  
4 institution charges under Section 54.0513 to a student for that  
5 academic year may not exceed by more than three percent the total  
6 amount of tuition that the governing board would have charged under  
7 that section to a similarly situated student in the preceding  
8 academic year, as that amount is adjusted for each academic year for  
9 inflation as determined under Subsection (i). The governing board  
10 may not increase the amount of tuition charged under this  
11 subsection to a student more than once in any academic year.

12 (h) For purposes of this section:

13 (1) an institution is considered to have achieved a  
14 target level assigned to a performance measure if the institution  
15 has achieved at least 98 percent of the target level; and

16 (2) students are similarly situated if they share the  
17 same residency status, degree program, course load, course level,  
18 tuition exemption status, and other circumstances affecting the  
19 tuition charged to the student.

20 (i) Not later than January 31 of each year, or as soon  
21 thereafter as practicable, the Legislative Budget Board shall  
22 publish and certify to the governing board of each institution to  
23 which this section applies the inflation rate to be used for  
24 purposes of this section for the next academic year. The inflation  
25 rate is the percentage increase, if any, as expressed in decimal  
26 form rounded to the nearest thousandth of one percent, in the  
27 consumer price index, as defined by Section 341.201, Finance Code,

1 for the preceding calendar year as compared to the consumer price  
2 index for the year preceding that year.

3 (j) The coordinating board, using the negotiated rulemaking  
4 procedures under Chapter 2008, Government Code, by rule shall  
5 establish an exception to the application of Subsection (f) for an  
6 institution to which that subsection would otherwise apply for an  
7 academic year in the event of a natural disaster or other  
8 extraordinary circumstance affecting the institution's achievement  
9 on performance measures. Subsection (g) applies to an institution  
10 that is granted an exception under this subsection.

11 Sec. 54.05132. TEMPORARY LIMITATION ON TOTAL AMOUNT OF  
12 TUITION. (a) In this section:

13 (1) "General academic teaching institution" and  
14 "public state college" have the meanings assigned by Section  
15 61.003.

16 (2) "Tuition" includes:

17 (A) tuition for which the rates are prescribed by  
18 this chapter; and

19 (B) tuition charged by an institution of higher  
20 education under Section 54.0513 or another law authorizing an  
21 institution to establish tuition rates.

22 (b) Notwithstanding Section 54.0513, the total amount of  
23 tuition charged by a general academic teaching institution other  
24 than a public state college to a student for the 2016-2017 or  
25 2017-2018 academic year may not exceed by more than one percent the  
26 total amount of tuition that the institution would have charged  
27 under this chapter to a similarly situated student for the

1 preceding academic year, as that amount is adjusted for each  
2 academic year for inflation as determined under Subsection (c).  
3 For purposes of this subsection, students are similarly situated if  
4 they share the same residency status, degree program, course load,  
5 course level, tuition exemption status, and other circumstances  
6 affecting the tuition charged to the student. This subsection does  
7 not ensure that the total amount of tuition charged to an individual  
8 student does not increase based on a change in the student's  
9 residency status, degree program, course load, course level,  
10 tuition exemption status, or other circumstance affecting the  
11 tuition charged to the student.

12 (c) Not later than January 31 of each year, or as soon  
13 thereafter as practicable, the Legislative Budget Board shall  
14 publish and certify to the governing board of each institution to  
15 which this section applies the inflation rate to be used for  
16 purposes of this section for the next academic year. The inflation  
17 rate is the percentage increase, if any, as expressed in decimal  
18 form rounded to the nearest thousandth of one percent, in the  
19 consumer price index, as defined by Section 341.201, Finance Code,  
20 for the preceding calendar year as compared to the consumer price  
21 index for the year preceding that year.

22 (d) This section expires September 1, 2018.

23 SECTION 2. Chapter 322, Government Code, is amended by  
24 adding Section 322.025 to read as follows:

25 Sec. 322.025. RECOMMENDATIONS FOR PERFORMANCE MEASURE  
26 TARGET LEVELS FOR CERTAIN INSTITUTIONS OF HIGHER EDUCATION.

27 (a) In this section:

1           (1) "Institution of higher education" and "university  
2 system" have the meanings assigned by Section 61.003, Education  
3 Code.

4           (2) "Performance measure" means a performance measure  
5 adopted under Section 54.05131(b), Education Code.

6           (b) The governing board of each institution of higher  
7 education to which Section 54.05131, Education Code, applies shall  
8 submit to the board, as part of the institution's legislative  
9 appropriations request for the general appropriations bill  
10 prepared by the board under Section 322.008, a target level for each  
11 performance measure applicable to the institution for each of the  
12 state fiscal years covered by the bill. The target levels submitted  
13 by an institution under this subsection must be established by the  
14 institution's governing board in consultation with the  
15 institution's president and provosts and with the institution's  
16 system administration, if the institution is a component  
17 institution of a university system. In establishing the target  
18 levels, the institution's governing board shall adhere to the Texas  
19 Higher Education Coordinating Board's standards under Subsection  
20 (c).

21           (c) The Texas Higher Education Coordinating Board, using  
22 the negotiated rulemaking procedures under Chapter 2008, by rule  
23 shall develop standards to be considered by the governing board of  
24 an institution of higher education in establishing the  
25 institution's target levels for performance measures under  
26 Subsection (b). In developing the standards, the negotiating  
27 committee established for purposes of this subsection and the

1 coordinating board shall consider institutional improvement on  
2 target levels. The coordinating board shall reconvene the  
3 negotiating committee to assist the coordinating board whenever the  
4 coordinating board modifies or updates the standards.

5 (d) The board, in preparing the general appropriations bill  
6 under Section 322.008, shall include the performance measure target  
7 levels submitted by each institution under Subsection (b) of this  
8 section to which money is to be appropriated in the bill, as  
9 recommendations for the target levels to be included in the  
10 appropriations to the institution for each of the state fiscal  
11 years covered by the bill.

12 SECTION 3. Section 54.05131, Education Code, as added by  
13 this Act, applies beginning with tuition charged by a general  
14 academic teaching institution to which that section applies for the  
15 2018-2019 academic year.

16 SECTION 4. This Act takes effect September 1, 2015.